



September 15, 2010

Jennifer J. Johnson
Secretary
Board of Governors of the Federal Reserve System
20th Street and Constitution Avenue, N.W.
Washington, D.C. 20551

Re: *Docket No OP-1388: California Community Groups Comment on HMDA Regulations*

Dear Ms. Johnson:

This comment letter is being submitted on behalf of numerous nonprofit civil rights and community groups, including: legal services offices, consumer advocacy groups, housing and financial counseling agencies, community development corporations and Community Development Financial Institutions, affordable housing providers, small businesses technical assistance providers, research and policy institutions, and local government.

Introduction

Californian neighborhoods are suffering from a vicious cycle of financial abuse years in the making. Reckless subprime and option ARM lending begot concentrated foreclosures, which were compounded by inadequate loan modification efforts by servicers. As has been the case for the last three years, approximately six of the top ten communities most impacted by foreclosure are in our state.¹ All the while, limitations in HMDA data have deprived the public and policy makers of the transparency which could have prevented lending and loan modification abuse and helped direct policy responses.

The undersigned believe that the Federal Reserve Board (“FRB” or “Fed”) has failed to give effect to the broad purposes of the Home Mortgage Disclosure Act by not requiring the collection of key data fields. The Fed must not fail to take this opportunity to update the HMDA regulations so that the statute can effectively serve Congress’s intent; namely, that it shed light on whether institutions are adequately addressing community credit needs, and the presence of discriminatory lending patterns. Further, the FRB and the newly established Consumer Financial

¹ See, Realtytrac, “U.S. Foreclosure Activity Decreases 3 Percent In May,” June 10, 2010.

Protection Bureau (“CFPB”) must be proactive in changing HMDA regulations to keep pace with a changing industry landscape, and to ensure that through its oversight responsibilities, the FRB and CFPB are affirmatively furthering fair housing.

Summary

Specifically, we urge the FRB to work with the new Consumer Financial Protection Bureau (“CFPB”) to enhance HMDA in the following key ways:

- Require the collection and public reporting of all loan modification applications, denials, and modification terms, broken out by race, ethnicity and gender of applicants and census tract.
- Require the disclosure of all Home Equity Lines of Credit (HELOCs), and the purpose for which the HELOC was sought, including whether the HELOC was intended to support a small business.
- Require more granular reporting of certain race categories, such as “Asian,” as well as require reporting on the primary language of the applicant and the language used in the loan or loan mod negotiation.
- Require reporting on reverse mortgages, including the age of loan applicants, whether a reverse mortgage was sold with an annuity, and whether a new loan is refinancing a senior out of an existing reverse mortgage.
- Require detailed reporting on multifamily lending that identifies whether the loan was a construction loan or a permanent loan, and whether multifamily dwelling housing units are deed restricted for affordable housing.

Additionally, we support the recent changes made to HMDA under the regulatory reform bill recently passed by Congress, and urge that all of the data that the bill requires to be collected be made publicly available at the loan level.

Intent of HMDA

As the Federal Notice for these hearings confirm, HMDA has three purposes. First, HMDA data can be used to help determine whether institutions are serving the housing needs of their communities. Second, HMDA data can help public officials target public investment to attract private investment where it is needed. Third, HMDA data can assist in identifying possible discriminatory lending patterns and enforcing antidiscrimination statutes.

The FRB is broadly empowered to

prescribe such regulations as may be necessary to carry out the purposes of this chapter. These regulations may contain such classifications, differentiations, or other provisions, and may provide for such adjustments and exceptions for any class of transactions, as in the judgment of the Board are necessary and proper to

effectuate the purposes of this chapter, and prevent circumvention or evasion thereof, or to facilitate compliance therewith.²

Fed's Failure to Effectuate Law's Purpose

Despite the broad goals and findings outlined by Congress, and the broad power it gave the Fed to promulgate regulations, the Fed has failed to require its regulatees to produce the necessary data to help effectuate HMDA's stated goals.

Time and again, industry groups have criticized HMDA analysis by public interest groups and regulatory agencies because HMDA data do not include relevant underwriting factors. Underwriting data is one of the primary types of data that consumer groups have urged the Fed to require lenders to provide under HMDA; however, the Federal Reserve has refused to require lenders to report such data, a refusal which, it is widely believed, results from industry resistance. This dynamic is, at best, ironic.

More distressing, the Fed itself has dismissed HMDA analysis as being based on data not detailed enough to serve the very goals HMDA was meant to serve. For example, in the course of approving Citigroup's application to acquire First American Bank, SSB, the Fed dismissed one commenter's concerns regarding the HMDA data thus:

The Board recognizes, however, that HMDA data alone provide an incomplete measure of an institution's lending in its community because these data cover only a few categories of housing-related lending. HMDA data, moreover, provide only limited information about the covered loans. **HMDA data, therefore, have limitations that make them an inadequate basis, absent other information, for concluding that an institution has not assisted adequately in meeting its community's credit needs or has engaged in illegal lending discrimination.**³

In this response, and other responses to what appear to be legitimate concerns raised by members of the public, the Fed dismisses concerns about lending disparities illuminated by HMDA with the argument that the law does not serve the very purposes Congress set out for HMDA and charged the Fed with effectuating. As stated expressly in the statute, "The purpose of this chapter is to provide citizens and public officials of the United States with sufficient information to enable them to determine whether depository institutions are fulfilling their obligations to serve the housing needs of the communities and neighborhoods in which they are located..."⁴ And the Act is designed to help identify possible discriminatory lending patterns and enforcing anti

² 12 USC §2804(a).

³ Federal Reserve System, Order Approving Citigroup, Inc. Acquisition of First American Bank, SSB ("FAB"), March 16, 2005.

⁴ 12 USC §1208(b).

discrimination statutes.⁵ If HMDA data are not detailed enough to fulfill these functions, then it is the Fed's job to require the appropriate level of additional data reporting to make it so, rather than throw up its hands as though it had no control over this problem. The Fed has been tasked by Congress to further HMDA's purposes, and calling the Fed's failure to effectuate the purpose of the statute poor regulatory oversight is an understatement.

The Fed has pointed to privacy concerns raised by industry as a justification for not requiring more disclosure of, for example, creditworthiness data. This is a false argument, and one that institutions that have spent millions to overturn consumer protection laws designed to protect privacy are not in a position to credibly raise. Public reporting of this kind of data in the 1990's allowed vastly expanded access for low-income people and people of color to home ownership. We have faith in the knowledge of the Fed to require extensive data collection and reporting, while helping to reasonably maintain borrower confidentiality and privacy.

Primary Issues

There are a number of changes to HMDA regulations that the Fed should make. The undersigned call on the Fed to focus on the following key HMDA reporting enhancements:

- 1. Require the collection and public reporting of all loan modification applications, denials, and modification terms, broken out by race, ethnicity, gender and age of applicants and census tract.**

Through HMDA reporting, the Fed is meant to collect sufficient data to help determine if housing needs are being met and if discrimination is occurring. A major housing need of the last few years has been, and over the next several years will be, the ability of struggling homeowners and communities to secure loan modifications. The federal Home Affordable Mortgage Program (HAMP) is evidence of the prominence of this foreclosure prevention effort within federal housing policy.

And the need for data on this issue is compelling. With millions of foreclosures expected in the coming years, on top of the millions that have taken place over the last couple of years, transparency is needed around whether financial institutions are helping homeowners avoid foreclosure by restructuring loans as they should. California continues to hold six of the top ten spots for metro areas most impacted by foreclosure. Further, California Reinvestment Coalition (CRC) analysis of loan modification data for certain pools of securitized loans suggests that California cities may see fewer loan modifications per foreclosed property than the U.S. as a whole.⁶ Inclusion of this data will help the public and policy makers determine if housing needs are being met, if current foreclosure prevention policies are working broadly, and if investment and resources are properly targeted.

⁵ 12 CFR §203.1(b)(1)(iii).

⁶ California Reinvestment Coalition, "From Foreclosure to Re-Redlining," February 2010.

Perhaps more importantly, this data will also help answer the very serious question of whether discrimination is occurring in the foreclosure prevention context. CRC has conducted surveys of nonprofit housing counseling agencies serving over 10,000 consumers a month, and found that housing counselors report nearly 2:1 that borrowers of color are receiving worse loss mitigation outcomes than white borrowers, though the reason for this disparity remains unclear.⁷

Similarly, the National Community Reinvestment Coalition found that people of color in Washington, D.C., were more likely to go into foreclosure, even after controlling for borrower, loan, and neighborhood characteristics.⁸ NCRC also surveyed homeowners seeking loan modifications and found that the foreclosure process was quicker for African American borrowers than white borrowers, and that white HAMP-eligible borrowers were more likely to receive a loan modification than African American and Latino HAMP-eligible borrowers.⁹

We believe that the Fed (or the CFPB) has the authority to require detailed reporting of loan mod data. The HMDA statute speaks to the Board's broad authority to provide for any "adjustments ... for any class of transactions" (see 12 USC §2804) it deems proper to serve the goals of the Act. We believe that loan modifications represent the very kind of transaction Congress contemplated when crafting the Act, as they go to the heart of current efforts to serve the housing needs of our communities and to protect homeownership and equity in our neighborhoods. If the Fed (or CFPB) truly believes it lacks the authority to require data reporting on loan modifications, it should urge Congress to amend the HMDA statute to expand its authority appropriately.

Specifically, HMDA should be enhanced to require the reporting of loan modification data that include:

- Whether or not a loan modification was offered to a loan mod applicant;
- The key terms of the loan mod (amount of principal reduction, extent of reduced interest rate and payment, etc.);
- The race, ethnicity, age and gender of the loan mod applicant;
- The census tract in which the property is located;
- The reason for loan mod denial, if the loan mod is denied;
- All data fields must be collected for all loan modifications, not just HAMP modifications. The Treasury Department is currently making publicly available a very limited amount of data for HAMP modifications. Provisions in the current regulatory reform bill that would enhance HAMP data are important, but are not detailed enough and do not reach all loan modifications; and

⁷ See, California Reinvestment Coalition, "Chasm Between Words and Deeds Reports," available at www.calreinvest.org.

⁸ National Community Reinvestment Coalition, "Foreclosure in the Nation's Capital: How Unfair and Reckless Lending Undermines Homeownership," 2010.

⁹ National Community Reinvestment Coalition, "HAMP Mortgage Modification Survey 2010," Washington, D.C., 2010.

- Foreclosure/loan performance data—showing when loans are current, delinquent, or in foreclosure—broken out by the same borrower and census tract characteristics listed above. This would help public officials determine where investment and resources need to be directed, as well as help identify problematic actors who make unsustainable loans in certain neighborhoods.
- Universal loan identification number – would enable the CFPB to track loan performance and modification data. The Dodd-Frank Wall Street Reform and Consumer Protection Act gives the CFPB the option to collect such data. This data must be made part of HMDA.

2. Require the disclosure of all Home Equity Lines of Credit (HELOCs), and the purpose for which the HELOC was sought, including whether the HELOC was intended to support a small business.

Currently, HELOC reporting is optional if the line is extended in whole or in part for the purpose of home improvement or home purchase. Yet HELOCs have become a big part of the market, and were a major source of lending that drove families into foreclosure. In fact, a recent survey by Bornstein & Song and MerchantCircle found that more than one-third of all California small business owners took out risky or toxic mortgages, that many of these owners are at risk of losing their homes and/or their businesses, and that this could result in the loss of 2.1 million small business jobs in California.¹⁰

When California home values increased between 2003 and 2007, it was a common practice for lenders to steer applicants who were denied a commercial loan to a HELOC product. One of CRC's members, Pacific Asian Consortium in Employment (PACE), which has assisted hundreds of small businesses in applying for commercial loans, reported that almost 100% of its clients could easily get approval for a HELOC or Home Equity loan if they had home equity, with little regard to the performance of the business operation.

Beyond poor underwriting, some HELOCs have hurt homeowners and business owners because of abusive terms and the ability of lenders to seemingly arbitrarily reduce or cancel lines of credit. As one example, Korean Churches for Community Development in Los Angeles reports that 80% of the borrowers it counsels have HELOCs, and that many community members rely on HELOCs to purchase inventory and maintain cash flow. Many of KCCD's borrowers experienced financial hardship and required counseling due to their lenders' lowering HELOC credit limits or cancelling the HELOCs outright. When business owners' HELOCs are cut or cancelled, it hurts sales and profits, which puts pressure on their ability to pay their first mortgage and pushes them towards foreclosure.

That the Fed has exempted HELOCs from certain lending regulations, such as certain provisions of the Truth in Lending Act, has only made HELOCs more dangerous and more worthy of scrutiny. Anecdotally, groups that work with small businesses and those that work with

¹⁰ MerchantCircle, "New Study Shows More Than 2.1 Million California Small Business Jobs Will Be Lost Over the Next 3 to 4 Years," April 23, 2009, at <http://www.merchantcircle.com/corporate/press/2009-04-23.html>.

homeowners at risk of foreclosure have reported a larger number of small business owners who are at risk of losing their homes, their businesses and their employees due to problems in paying off a HELOC. Yet there is very little data on this growing problem. Foreclosure prevention solutions have by and large ignored this population, no doubt because there is a paucity of data on the extent of the problem. At a time when foreclosure prevention, small business development, and jobs are so critical to our national economy, this data is especially needed.

Specifically, HMDA should be enhanced to require the reporting of loan data that include:

- Whether or not a loan is a HELOC or home equity loan; and
 - The purpose for which the loan was taken out, including whether it is to support a small business.
3. **Require more granular reporting of certain race categories, such as “Asian,” as well as require reporting on the primary language of the loan applicant and the language used in the loan or loan modification negotiation.**

Currently, HMDA utilizes “Asian” as one of its racial categories. However, this category includes a tremendously diverse population of people with origins in the world’s most populous continent; thus, the category is so broad as to be meaningless. Analysis of HMDA data has generally shown that “Asian” borrowers have similar experiences as do non-Hispanic white borrowers. Yet groups working in the API community know that several sub-populations in the API community have a starkly different experience, and that the broad “Asian” race category has the effect of masking these differing experiences. This category should be broken down further.

Additionally, community groups in California have long raised with the Fed concerns about limited English proficient borrowers being victimized by brokers and lenders. While Census data show that 18 percent of Americans speak languages other than English in their homes, almost 40 percent of Californians fall into this category; more than half of this population speaks English less than “very well.”¹¹ Spanish, Chinese, Tagalog, Vietnamese and Korean are spoken by approximately 83 percent of all Californians who speak a language other than English.

In the summer of 2006, a series of borrowers and housing counselors testified at Federal Reserve Board hearings held in San Francisco regarding the then-increasing prevalence of bait and switch tactics perpetrated on borrowers who negotiated their loans in a non English language but received English-only documents with less favorable terms than promised. *See Building Sustainable Homeownership: Responsible Lending and Informed Consumer Choice—Public Hearing on the Home Equity Lending Market*, Federal Reserve Board (June 16, 2006), Tr. at 85,¹² 238-39,¹³ 238-40,¹⁴ 242-45,¹⁵ 250-52¹⁶ (available at <http://www.federalreserve.gov/events/publichearings/hoepa/2006/20060616/transcript.pdf>).

¹¹ U.S. Census Bureau, *Language Use and English-Speaking Ability: 2000* at 2 (Oct. 2003), available at <http://www.census.gov/prod/2003pubs/c2kbr-29.pdf>.

¹² From Lori Gay, Los Angeles Neighborhood Housing Services: “One of the most amazing things . . . is how many documents are not in Spanish or Korean or Mandarin but yet that may be the first language of the family being

The California legislature has responded to this very real dynamic by passing a law meant to require a translation of most financial documents when the contract was negotiated in one of 5 prominent non-English languages spoken in the state.¹⁷ Significant evidence shows that many lenders continue to fail to comply with the statute. In a series of surveys, the California Reinvestment Coalition asked housing counselors across the state a series of questions to gauge whether mortgage loan servicing companies are living up to their public commitments to help borrowers avoid foreclosure. Among the results of that survey was that over 60 percent of responding agencies stated that they commonly saw non-English speakers (who presumably negotiated their loans in a non-English language) who did not receive any translations of their loan. In those cases, 60 percent of the agencies noted that the loan terms that these LEP borrowers actually received were less favorable than what they had been promised, and 65 percent reported that the loan was unaffordable when made to the borrower.¹⁸ In another recent survey by Neighborhood Legal Services of Los Angeles County of Spanish-speaking homeowners, 40% of respondents did not fully understand the terms of their loan documents.

Specifically, HMDA should be enhanced to require the reporting of loan data that include:

- Disaggregated data for “Asians” that allow borrowers to identify as Cambodian, Chinese, Filipino, Hmong, Indian, Japanese, Korean, Laotian, Thai or Vietnamese American;
- The primary language spoken by the loan or loan modification applicant; and
- The language in which the loan or loan modification application and contract were negotiated.

served. And we’ve counseled them or talked to them in all of those languages, only to get down to closing and have everything in English. . . Not a good thing.”

¹³ Martha Jimenez testifying about how her monolingual Spanish-speaking sister and brother-in-law were given a loan on terms much less favorable than the Spanish broker had promised them due to their lack of fluency in English.

¹⁴ Leticia Gonzalez, mother of eight children, testifying to “betray[al]” by Latina mortgage broker who concealed true loan terms during negotiations in Spanish, which resulted in family taking out mortgage with unaffordable monthly payment and onerous prepayment penalty which trapped them in loan.

¹⁵ Housing counselor Ricardo Corona testifying that brokers develop relationship of trust with borrowers, then “encourage [the] borrower to sign document[s] without truly understanding all of the information,” including uniform failure to translate English documents when negotiation is conducted in non-English language.

¹⁶ Silvia Rios testifying that English-language loan documents contained entirely different terms—including different home price, number of rooms, and interest rate—than Spanish-speaking broker had promised them.

¹⁷ Cal. Civ. Code § 1632(a)(3). Under Section 1632, the five most common non-English languages spoken in California are subject to the translation requirements. Based on the 2000 Census, these languages are Spanish, Chinese, Tagalog, Vietnamese, and Korean, which are spoken by approximately 83 percent of all Californians who speak a language other than English in their homes.

¹⁸ California Reinvestment Coalition, *The Ongoing Chasm between Words and Deeds V* at 9-10 (March 2009) (available at <http://calreinvest.org/system/assets/195.pdf>).

4. Require reporting on reverse mortgages, age of loan applicants, whether a reverse mortgage was sold with an annuity, and whether a new loan is refinancing a senior out of an existing reverse mortgage.

Perhaps the homeowners most vulnerable to predatory lending practices are seniors, who are more likely to have accumulated the kind of equity scammers crave, and yet may not have the financial education to identify predatory contracts. While there is an appropriate role for reverse mortgages in some seniors' financial planning, advocates are concerned that this may represent the next arena for predatory lending on a large scale, given that subprime and option ARM products have fallen out of favor while our aging population grows and the market for these products increases. Because reverse mortgages can, as with all loans, be either beneficial or harmful to consumers, it is important that HMDA data include key terms of these loans, data which is currently very hard to obtain.

Similarly, there is very little detailed data on lending to seniors. AARP's seminal report on the subject in 2002 was based on a survey of seniors.¹⁹ The National Community Reinvestment Coalition had to combine HMDA data with proprietary data on credit scores and census tract data to find that neighborhoods with more elderly residents appeared more vulnerable to high-cost lending.²⁰ At the same time that there is insufficient data on point, there is a clear public policy interest in protecting seniors. Requiring data about the age of loan and loan mod applicants will help to achieve the stated purposes of HMDA – to help determine if housing needs are being met, if discrimination is occurring, and if resources are being targeted appropriately.

Specifically, HMDA should be enhanced to require the reporting of loan data that include:

- The age of the applicant (the Dodd-Frank Wall Street Reform and Consumer Protection Act will require this);
- Whether the loan applied for is a reverse mortgage;
- Whether the reverse mortgage is being sold with an annuity, and if so, the price and terms of the annuity;
- The form of a payments in a reverse mortgage, such as lump sum, tenure, term, or some combination;
- Loan purpose for reverse mortgages (future income, pay debts, buy a new home, etc); and
- Whether refinance loans are being used to pay off an existing reverse mortgage. We know that seniors who had reverse mortgages were refinanced out of these loans and sold unsuitable loan products, such as option ARM loans. HMDA data would highlight this abusive practice.

¹⁹ Neal Walters and Sharon Hermanson, "Older Subprime Refinance Mortgage Borrowers," AARP, July 2002.

²⁰ National Community Reinvestment Coalition, "The Broken Credit System: Discrimination and Unequal Access to Affordable Loans by Race and Age." Washington, D.C., 2003.

5. Require detailed reporting on multifamily lending that notes whether the loan was a construction loan or a permanent loan, and whether the housing units for which the loan was sought were deed restricted for affordable housing.

Federal housing policy must refocus attention on multifamily rental housing. The push to homeownership over the last several years may have benefited a number of families, but it led others into the hands of subprime lenders, unsustainable loans, and foreclosure. Given the growing demand for affordable housing in light of the current foreclosure crisis and economic recession, multifamily lending takes on added importance. HMDA regulations currently require reporting on mortgage loans secured by multifamily property. But this data has had limited significance and has been rarely, if ever, analyzed. For one thing, lenders may not have to report loans made outside of CRA assessment areas, which means that lending in rural areas (or the lack thereof) remains hidden. Additionally, access to much needed credit for construction loans is not reported at all.²¹

Specifically, HMDA should be enhanced to require the reporting of loan data that include:

- Construction loans for multifamily properties, as well as permanent mortgages;
- Whether the loan was secured by multifamily property that is deed restricted to ensure the housing remains affordable, and if so, what is the duration of the deed restriction and the percentage of area median income covered. We would suggest the following categories: (1) less than 50% AMI, (2) 51-80% AMI, (3) 81-120% AMI, and (4) greater than 120%; and
- Reporting on all applications for construction and permanent mortgages on multifamily property, regardless of where the property is located. By expanding the reporting requirement in this way, the Fed will help the public and policy makers make determinations about housing needs, investment, and potential discrimination in all communities, including rural communities.

Secondary Issues

In addition to the data enhancements recommended above, the undersigned urge the inclusion of additional data that will allow the HMDA data to serve its Congressionally-mandated purpose.

Specifically, HMDA should be enhanced to require the reporting of loan data that include:

- **Debt to income ratios** are critical to determining whether a borrower is in a sustainable loan and will be able to afford payments;

²¹ 12 CFR §203.4(d)(3).

- **Total income** of borrower, not just income relied on for housing: This fuller data point will better reflect whether the housing needs of different segments of the community are being met;
- **Broker and loan purchaser data:** The Fed is right to solicit input on this point, as brokers operate on the front lines in communities in a way that can be either helpful or harmful to meeting community housing needs, depending on the quality of the products being peddled. In many cases, loan purchasers and secondary market participants were driving the products being sold, so it is imperative that data on these actors be collected and reported.
- **More loans by more lenders, to increase coverage in rural areas in particular.** The CFPB should expand HMDA coverage by requiring more lenders to report, and by requiring lenders to report on more loan types. Regarding which loans should be subject to reporting, we suggest adopting a similar standard as that expressed in the Real Estate Settlement Procedures Act (RESPA),²² which is broad and well-accepted. Regarding who needs to report, the CFPB should require reporting of all loans by current HMDA reporters, as well as lenders (or brokers or loan purchasers) involved in 50 or more loans. This expansion in coverage would vastly add to the public understanding of the housing market in rural areas which are often ignored, including by data collection and reporting.
- **Reasons for loan denials:** Currently optional, but should be required reporting, and extend to reasons for denial of loan modification applications;
- **Expedited public reporting:** The lag time between when loan applications are taken and when the data is available to the public is approximately a year and a half for loans made in the beginning of a calendar year. This is too long a period to inform public policy decisions. The Fed should consider having lenders report data in six-month intervals, or require that lenders report and scrub all data by the end of January, so that it can be released publicly in February or March. While annual reports by regulatory researchers on recent HMDA data are helpful, it is objectionable if public release of data is delayed so that the Fed can have time to put its spin on the data. The data should speak for itself.
- **More transparency for regulators.** Regulatory agencies must finally report publicly on whether they investigate problematic lending patterns based on HMDA, and what the outcomes of such investigations are.

Dodd-Frank Wall Street Reform and Consumer Protection Act

Additionally, there are several provisions of the Dodd-Frank Wall Street Reform and Consumer Protection Act that require HMDA data enhancements. We applaud this Congressional mandate

²² 12 USC Sec. 2602.

and strongly urge that all of this data be made publicly available, and not just collected and reviewed in secret by the Fed or CFPB. Such data include:

- **Credit score:** The Fed or CFPB should ensure that the credit score or risk grade meaningfully reflects the various tranches lenders rely on in determining whether to originate a loan and on with what terms;
- **Loan to Value:** Beyond reporting the value of the home, a LTV field should be created to simplify and standardize the data analysis;
- **Points and fees:** Should include all fees and points arguably paid to the broker and/or lender.
- **Pre-payment penalties;**
- **Fixed or adjustable rate** nature of the loan, including the introductory term on an ARM;
- **Loan channel:** Whether the loan was originated by a bank, bank affiliate, broker, etc.; and
- **Option ARM** feature in loan: These loans have decimated California and were clearly sold to borrowers for whom such loans was not appropriate, including low-income borrowers and seniors with reverse mortgages.
- **Universal loan identification number:** As noted about, the reporting of this number will help facilitate collection and reporting of loan performance and modification data. The Act merely gave the CFPB the option to require this, but the CFPB must require the reporting of such data.

Conclusion and Summary

This is a critical time for California communities. The lack of transparency and accountability around bank lending enabled a foreclosure crisis that has had huge impacts on families and neighborhoods.

For years, lenders have complained that HMDA data are too limited to draw any meaningful conclusions. The antidote to this “problem” is clearly more and better data.

The Fed has failed to do its part to ensure that HMDA keeps up with industry practices and serves the broad purposes for the Act outlined by Congress. As discussed in detail above, we urge several changes to HMDA reporting requirements, most notably:

- Require the collection and public reporting of all loan modification applications, denials, and modification terms, broken out by race, ethnicity, gender and age of applicants and census tract;

- Require the disclosure of all Home Equity Lines of Credit (HELOCs), and the purpose for which the HELOC was sought, including whether the HELOC was intended to support a small business;
- Require more granular reporting of certain race categories, such as “Asian,” and include data about languages spoken by loan and loan mod applicants;
- Require reporting on reverse mortgages, age of loan applicants, whether a reverse mortgage was sold with an annuity, and whether a new loan is being used to refinance a senior out of an existing reverse mortgage; and
- Require detailed reporting on multifamily lending that notes whether the loan was a construction loan or a permanent loan, and whether the housing units for which the loan was sought were deed restricted for affordable housing.

Thank you for the opportunity to comment. We look forward to seeing the FRB and CFPB make these much-needed changes to HMDA so that communities can truly see housing needs met, discrimination brought into the light and addressed, and investment opportunities focused on the most appropriate areas.

Should you have any question about these comments, please feel free to contact Kevin Stein of the California Reinvestment Coalition at (415) 864-3980, and James Zahradka of the Law Foundation of Silicon Valley at (408) 280-2423.

Very Truly Yours,

ADF Networking Consultancy, Inc.
 Advocates for Consumer Equity
 Alliance of Californians for Community Empowerment (ACCE)
 Asian Pacific American Legal Center
 Asian Resources
 Business Resource Group
 California Coalition for Rural Housing
 California Human Development
 California/Nevada Community Action Partnership
 California Reinvestment Coalition
 California Resources and Training (CARAT)
 California Rural Legal Assistance (CRLA)
 California Senior Legal Hotline
 Causa Justa: Just Cause
 City of Oakland
 Community Action Agency of Butte County, Inc.
 Community Housing Development Corporation of North Richmond
 Community Housing Works
 Community Legal Services of East Palo Alto
 Consumer Action
 Contra Costa Interfaith Supporting Organization (CCISCO)
 Council on Aging Silicon Valley, Fair Lending Project for Seniors

East Bay Housing Organizations (EBHO)
 East LA Community Corporation
 East Palo Alto Community Alliance Neighborhood Development Organization (EPA CAN DO)
 East Palo Alto Council of Tenants Education Fund
 Equal Justice Society
 Fair Housing Council of San Diego
 Fair Housing Council of the San Fernando Valley
 Fair Housing Law Project
 Fair Housing Napa Valley
 Fair Housing of Marin
 Greenlining Institute
 Housing California
 Housing Economic Rights Advocates (HERA)
 Housing Opportunities Collaborative
 Insight Center for Community Economic Development
 Korean Churches for Community Development (KCCD)
 LA Voice
 Lawyers Committee for Civil Rights of the San Francisco Bay Area
 Legal Aid Foundation of Los Angeles
 Legal Services of Northern California (LSNC)
 Montebello Housing Development Corporation
 Mission Economic Development Agency (MEDA)
 Most Holy Trinity Catholic Church Local Organizing Committee, People Acting in Community Together (PACT)
 NAACP California State Conference of Branches (62 branches)
 NAACP Stockton branch
 National CAPACD
 National Council of La Raza (NCLR)
 Nehemiah Community Reinvestment Fund
 Neighborhood Housing Services of Orange County
 Neighborhood Housing Services of Silicon Valley (NHSSV)
 Non Profit Housing Association of Northern California (NPH)
 Operation Hope
 Pacific Asian Consortium in Employment (PACE)
 Public Counsel
 Renaissance Entrepreneurship Center
 Richmond Neighborhood Housing Services
 Rural Communities Assistance Corporation
 Sacramento Housing Alliance (SHA)
 Sacramento Mutual Housing Association
 San Diego Housing Federation
 Southern California Association of Nonprofit Housing (SCANPH)
 STAND Affordable Housing Program
 Supportive Parents Information Network (SPIN)
 Vallejo Neighborhood Housing Services

Valley Economic Development Center (VEDC)
Vermont Slauson Economic Development Corporation
Visionary Home Builders
West Company
Women in Leadership
Yolo Mutual Housing Association